



January 30, 2006

Eileen Wenger Tutt
Assistant Secretary for Climate Change Activities
California Environmental Protection
Sacramento, CA 95814

Re: Climate Action Team Draft Report

Dear Ms. Tuft:

Thank you for the opportunity to provide comments on the Climate Action Team's (CAT) draft report to the Governor and the Legislature.

The Industrial Environmental Association is a Southern California regional public policy organization comprised of manufacturing, technology and research and development companies. We commend the extensive work and leadership role of the CAT in addressing global climate change.

The section of the draft report we would specifically like to address is the Cap and Trade, and we appreciate the group's recommendation that a well-designed cap and trade program needs further analysis. Specifically:

- * We are concerned that a California-only program would drive businesses from the state, and therefore, these types of programs are best addressed on a national basis, within an international framework.

- * If California is to move forward in the absence of a national system, a cap and trade system must be structured to maintain a healthy economy and ensure the competitiveness of the state's businesses. This requires a full economic analysis to better understand the consequences of proposed measures and alternatives.

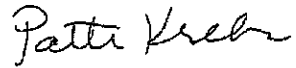
- * To increase the effectiveness of a cap and trade program, we would encourage as much flexibility in the program as possible to cross source categories.

- * We encourage California to invest in its role as a technology leader to further explore opportunities for alternative energy and conservation technologies.



Again, we appreciate the significant and precedent-setting work of the Climate Action Team and look forward to continuing to participate in the process.

Sincerely,

A handwritten signature in cursive script that reads "Patti Krebs".

Patti Krebs
Executive Director